

Education and Workforce Development Cabinet

Kentucky's jobless rate rose to 8.3 percent in July 2012

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Editor's Note: Preliminary July and revised June labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate in July 2012 rose to 8.3 percent from a revised 8.2 percent in June 2012, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary July 2012 jobless rate was 1.4 percentage points below the 9.7 percent rate recorded for the state in July 2011.

The U.S. seasonally adjusted jobless rate also increased to 8.3 percent in July 2012 from 8.2 percent in June 2012, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working.

In July 2012, Kentucky's civilian labor force was 2,066,250, a decrease of 2,276 individuals compared to the previous month.

“The recent numbers reflect payback after stronger than usual hiring in the early part of the year due to warmer than normal temperatures,” said economist Manoj Shanker of the OET. “A single-month uptick in the unemployment rate is not enough cause to speculate if the hiring environment has weakened.”

Kentucky's seasonally adjusted nonfarm employment increased by 1,600 jobs in July 2012 from the previous month. On an over-the-year basis, the state's nonfarm employment has grown by 2.1 percent with the addition of 36,800 jobs.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, five of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while five declined and one remained unchanged.

Kentucky's manufacturing sector gained 1,800 jobs in July 2012 compared to the previous month. Since July 2011, employment in manufacturing has increased by 8,400 jobs or nearly 4 percent.

"Employment in durable goods industries, such as motor vehicles and appliances, was up by 7,500 from a year ago on a seasonally unadjusted basis. Typically, manufacturing, especially in durable goods industries, recovers slowly because of the capital needed to jumpstart this sector. However, during this recovery manufacturing has registered 24 months of year-over-year gain in employment," Shanker said.

The information sector added 900 jobs in July 2012. This segment has 1,200 more positions compared to July 2011. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Employment in the educational and health services sector rose by 700 jobs in July 2012. The sector has posted a gain of 5,100 jobs since July 2011.

Kentucky's leisure and hospitality sector increased by 700 jobs in July 2012. Since July 2011, the sector has grown by 5,700 positions. This sector includes arts, entertainment, recreation, accommodation and food services.

The financial activities sector rose by 200 jobs in July 2012. However, when compared to July a year ago businesses involved in finance, insurance, real estate and property leasing lost 300 jobs.

Kentucky's professional and business services sector remained flat in July 2012. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last July, jobs in the sector have increased by 19,000 or about 10 percent.

"Growth in business support services is an important indicator of the health of the economy. Businesses increasingly outsource non-core activities like payroll services," said Shanker. "The over-the-year rise in employment in technical and support services is promising for long-term expansion of the state economy."

Employment in the mining and logging sector declined by 100 from June 2012 to July 2012. The number of jobs in this sector has dropped by 1,100 from July 2011.

"Increased competition from the natural gas industry, as well as low-cost coal mined in the western United States has considerably dampened employment in Kentucky's mining sector," said Shanker.

Employment in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, fell by 400 positions in July 2012. The sector's employment is the same as a last July.

The government sector, which includes public education, public administration agencies and state-owned hospitals, lost 500 jobs in July 2012. The sector had 2,400 fewer jobs compared to July 2011.

Construction jobs fell by 600 in July 2012 from a month ago. Since July 2011, employment in construction has fallen by 2,700 positions or 5 percent.

“To some extent warm weather has dragged down the seasonally adjusted data in construction,” said Shanker. “But the housing market is clearly overstocked and until that backlog is cleared employment growth will be sluggish at best,” said Shanker.

Kentucky’s trade, transportation and utilities sector lost 1,100 jobs in July 2012. This is the largest sector in Kentucky with 366,900 positions, and accounts for about 20 percent of nonfarm employment. Since July 2011, jobs in this sector have increased by 3,900.

“The recent drop in employment is in retail trade which accounts for a little over half the jobs in this sector. It’s too early to say if the decline from June is from a weakening demand,” said Shanker.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.